

Message Text

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E.O. 11652: N/A
TAGS: ECON, PA
SUBJECT: PARAGUAYAN ECONOMY IN GOOD STATE AT END OF 1976

1. SUMMARY. ALTHOUGH STATISTICS ARE NOT AVAILABLE, BOTH OFFICIAL AND INOFFICIAL SOURCES AGREE THAT PARAGUAY HAD A GOOD YEAR IN 1976, WITH A GROWTH RATE OF OVER 7 PERCENT LED BY THE EXPORT SECTOR AND WITH A LOW RATE OF INFLATION.

2. IN A CUSTOMARY END-OF-THE-YEAR PRESS CONFERENCE ON ECONOMIC AFFAIRS, THE PARAGUAYAN MINISTER OF COMMERCE AND INDUSTRY DISCUSSED THE STEADY GROWTH, INCREASED INVESTMENT, AND LOW RATE OF INFLATION WHICH WERE KEY FACTORS IN THE PARAGUAYAN ECONOMY FOR 1976. HE CITED OFFICIAL STATISTICS REPORTING INVESTMENTS OF US \$71.4 MILLION DURING THE YEAR, DOUBLE THE AMOUNT INVESTED IN 1975. HE CLAIMED A GROWTH RATE OF 7.6 PERCENT FOR THE YEAR AND ANNOUNCED THAT 5000 NEW JOBS HAD BEEN CREATED IN THE INDUSTRIAL SECTOR. THE INFLATION RATE, HE REPORTED, WAS BETWEEN 2 AND 3 PERCENT, THE LOWEST IN LATIN AMERICA.

3. THE STATISTICS CITED BY THE MINISTER SHOULD BE VIEWED
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AS ESTIMATES SINCE EVEN UNOFFICIAL DATA FOR THE YEAR WILL NOT BE AVAILABLE UNTIL MARCH. THE GROWTH RATE CITED, FOR EXAMPLE, IS MERELY THE FIGURE ISSUED AT THE BEGINNING OF THE YEAR BY THE PLANNING OFFICE. NEVERTHELESS, MOST LOCAL ECONOMISTS AND BUSINESSMEN ARE PLEASED WITH THE COUNTRY'S PROGRESS IN 1976 AND AGREE THAT THE GROWTH RATE

WAS AROUND THE 7 PERCENT MARK. THE EXPORT SECTOR HAS
LED THE WAY, WITH CLOSE TO US \$100 MILLION COMING IN FOR
ACTIVITIES CONNECTED WITH THE ITAIPU DAM. TO THIS CAN BE
ADDED CLOSE TO US \$80 MILLION FROM FOREIGN LOANS.
ALTHOUGH COMMODITY EXPORTS PRESENTED A MIXED PICTURE,
INCREASED RECEIPTS FROM SOYBEANS AND COTTON WERE EXPECTED
TO MORE THAN BALANCE LOSSES IN MEAT, SUGAR AND LUMBER.
AS A RESULT, PARAGUAY HAS BEEN ABLE TO MAINTAIN A
STABLE EXCHANGE RATE AND TO INCREASE ITS FOREIGN EXCHANGE
RESERVES. WITH RESPECT TO THE INTERNAL ECONOMY, WAGES
HAVE REMAINED STEADY, INFLATION HAS BEEN KEPT TO A MINIMUM,
AND SAVINGS HAVE REACHED A NEW HIGH. BOTH REAL ESTATE
VALUES AND CONSTRUCTION ACTIVITIES HAVE BOOMED, FUELED
CHIEFLY BY THE ITAIPU ACTIVITIES.
BRIGGS

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